

Medium Term Financial Strategy - 2025 to 2031						
Years	2025-26 £'000	2026-27 £'000	2027-28 £'000	2028-29 £'000	2029-30 £'000	2030-31 £'000
Budget (Opening Balance)	18,073	18,073	19,059	20,068	20,330	20,953
Cost Pressures / savings:						
Salaries costs		550	560	570	580	590
Pensions costs - 2025 revaluation (3 years from 1st April 2026)		150				
Borrowing costs (PWLB)		178	215	27	21	(52)
Interest receivable		50	50			
Finance Lease costs (Vehicles)		69	139	15	72	113
Recycling service (savings sharing scheme)		352				
Reserves:						
Vacancy savings target						
Strategic contingency						
Economic development						
Budget management reserve						
Treasury management reserve		21	95			
Savings Plans / Additional Income:						
Review of Fees and Charges		(50)	(50)	(350)	(50)	(50)

2025-26 budget factored in 3%; 2026-27 and on-going assumed 2% increase - plus cost of annual increments.

2022 revaluation resulted in a net cost increase of £222k. (2019 cost decrease of circa £176k); assumptions factored in as part of this revaluation have already taken into account future long-term forecasts. Prudently assumed further cost increase for 2026-27 of £150k in case actual results differ from assumptions for 2025 triennial review.

Refer to separate borrowing model analysis for external borrowing (PWLB).

Current Base of (£400k); revised estimate (£350k) for 2026/27, reverting back to (£300k) for 2027/28>

Forecast figures include finance lease movements in future years that previously were included within the external borrowing MRP repayments.

Original estimated figures from DCC of (£310k) through to 2025-26 resulting from the service changes implemented June 2017. Current base budget based on actual activity is income of (£352k) - assumption that scheme will end in 2025-26.

Budget 2024-25 had a target of £250k (currently being achieved). For 2025-26 prudent to remain at £250k level for the medium term.

Base Budget 2019-20 had a contribution of £62k - reserve balance @ 31 March 2025 estimated to be £124k. Reserve balance is more than sufficient level for the medium term.

Base Budget 2025-26 has a contribution of £0k - reserve has sufficient balance forecast @ 31 March 2025 estimated to be £74k. New separate reserve for Regeneration projects also set up in 2022-23 which has a current balance forecast of £46,000 at 31 March 2025.

Budget management reserve set up to protect against budget volatility; Q3 report 2024-25 increased this reserve by further £123,000 to a forecast balance at 31 March 2025 of £652,000. Draft budget 2025-26 assumed planned use of (£164,000). Decision will need to be made as part of 2026-27 budget whether to maintain using a further (£164,000) balance or reverse the use of this reserve.

Reserve set up in 2022-23 to mitigate higher borrowing interest costs over the next two years 2023-24 and 2024-25. Lower borrowing activity in 2023-24 meant reserve use not required that year; Balance at 31 March 2025 is forecast at £210,910; with (£116,060) now planned being used in 2025-26 and (£94,850) in 2026-27.

Assumed inflation (3%) on fees and charges (exc car parks); with a further review of parking charges in 2028-29.

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Transfer of Public Conveniences to Parishes		(169)				
Additional Revenue - Future High Streets Programme		(165)				
<b>Net Revenue Budget Requirement</b>	<b>18,073</b>	<b>19,059</b>	<b>20,068</b>	<b>20,330</b>	<b>20,953</b>	<b>21,554</b>

Full year saving circa (£244k) - discussions held end 2022 with Town and Parishes to factor into precepts over 2023-24 and 2024-25; phasing now looking more like 2025-26 and 2026-27. £75k saving loaded as part of 2025-26 budget, remainder within 2026-27.

FHSF loan costs on £4.4m built into above annual borrowing costs; additional income forecast as part of financial model option 5b (Pannier Market growth on current income of £180k to £273k of which 50% increase built into 2024/25 base; Boutport Street new net income of circa £140k). Assumed majority of new income from 2026-27.

Funding	2025-26 £'000	2026-27 £'000	2027-28 £'000	2028-29 £'000	2029-30 £'000	2030-31 £'000
Revenue Support Grant	270	277	283	289	295	300
Settlement Funding Assessment	3,234	3,318	3,391	3,459	3,528	3,599
Business Rates Retention	3,090	2,444	2,138	2,064	2,065	2,067
<b>Other Funding:</b>						
New Homes Bonus	706	0	0	0	0	0
Funding Floor Grant	988	1,304	919	527	120	(303)
Recovery Grant	267	267	267	267	267	267
National Insurance Compensation Grant	65	67	68	70	71	72
Extended Producer Responsibility Grant	1,178	1,209	1,235	1,260	1,285	1,311
<b>Local:</b>						
Council tax	8,162	8,407	8,658	8,917	9,183	9,458
Council tax - base	0	89	184	284	390	502
Collection fund surplus / (deficit)	113	120	120	120	120	120

Assumed ongoing, in line with LG Futures forecast.

Fair Funding Review assumed now delayed to 2026-27; will significantly change the level of funding received. Baseline Funding will be reset following a review of relative needs and resources; with current growth to date reset and incorporated within overall Baseline Funding Level. (Current Retention growth factored in base is £3m for 2025-26 - this is made up of 50% RV growth retained £2.0m; renewable energy schemes £0.7m and retained Devon pooling gain £0.3m). LG Futures forecast 'new' Business Rates Resources level and assumed retaining renewable energy scheme growth factored into base for 2026-27 onwards. Depending on any pooling arrangements, Devon Pool gain may start again Year 2 after reset.

Assumption that 'replacement NHB scheme' will be wrapped up in Fair Funding Review.

Funding Floor grant introduced 2025-26 - LG Futures model forecast continuing for 2026-27 and 2027-28. Assumed ongoing per LG Futures email.

Assuming Recovery Grant continues.

Employers NI compensation formula for 2025-26 - assumption ongoing.

EPR grant introduced 2025-26 - stated that payments in future years may change as a result of data collection and modelling. Assumed ongoing funding.

£6.29 Band D increase for 2025-26 (2.99%); assuming 2.99% annual increase 2026-27 to 2030-31

Council Tax Base increased for 2025-26 by 609 (excluding 2nd homes premium). Ongoing assuming growth based on 400 additional properties per year based upon prior year averages for last 3 years.

Prior year CF surpluses (2021-22 £116k; 2023-24 £178k & 2024-25 £223k); 2022-23 deficit due to C-19 timings which offset by Collection Fund reserve credit (£106k). 2025-26 confirmed as surplus £113k.

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Total Funding	18,073	17,501	17,264	17,256	17,324	17,393
Budget Gap / (Surplus)	0	1,558	2,804	3,074	3,629	4,161